



Speech by Michel Barnier at Hannover Messe

Hannover, 23 April 2018

Dear Burkhard Balz,

Ladies and gentlemen,

Guten Abend!

I would first like to thank Jochen Köckler and Carl Martin Welcker this opportunity to speak with you.

Today I saw a lot of impressive innovation by creative companies, in particular European ones.

I saw great ideas and projects, made possible by talented people.

Many of these innovative companies have been supported by the eco-system created by the EU's Single Market.

- Thanks to the Single Market, both talent and knowledge move freely between our countries. This boosts the dynamism of our economies.
- Thanks to the Single Market, companies can offer products and services in other EU countries as if they were in their home market.
- Thanks to our customs union and our common commercial policy, businesses can export more easily: the EU has free trade agreements with 60 countries around the world. The most recent piece of good news is Mexico, the partner country for Hannover this year. EU rules and standards are frequently replicated around the world.

Today, the Single Market is our home market, *our Heimatmarkt*, and Brexit will not change that.

The Single Market at 27 will consist of 440 million consumers and 22 million enterprises. EU citizens and businesses will continue to trade without barriers – based on the trust that is created by our common rules and common legal order.

We can never make compromises on these fundamental principles of the EU because of Brexit.

Let me remind you that, for the EU27 today, 6% of trade in goods is with the UK, while 60 % of this trade is inside the EU27 Single Market. Ten times as much!

But of course, ladies and gentlemen, innovation needs to work across borders. And naturally, many of your companies have strong ties with the UK.

The UK has been a member of the EU for the last 45 years.

Because of a long shared history and strong ties, our mutual responsibility is to work for an orderly withdrawal.

And we have made good progress, in particular:

- By making sure that EU citizens in the UK and British nationals in the EU can continue living their lives as before.
- By ensuring that all financial commitments taken at 28 are honoured at 28. I want to thank Günther Oettinger, not only for being present today, but also for our excellent cooperation on this point in particular.
- And by agreeing on a transition period of 21 months after the UK's withdrawal, during which all benefits and obligations of EU membership will still apply to the UK – even if, as a third country, it will not take part in the decision-making process anymore.

This transition would give business more time to adapt.

But make no mistake: certainty on the transition will only come once the whole Withdrawal Agreement has been agreed and ratified by both sides, hopefully at the beginning of next year.

We are not there yet for the orderly withdrawal. There are still important issues to solve, in particular on Ireland and Northern Ireland and the governance of the Withdrawal Agreement.

This means that companies must waste no time, and prepare for all scenarios now.

In order to help that work, the European Commission has published more than 60 notices on a wide range of economic sectors. We hope that these documents will be helpful, and also help smaller market participants to prepare. They are available on our website.

Ladies and gentlemen,

I have just spoken to you about settling the past. But I know that innovators like to look to the future. You might ask yourselves what will happen next – once the UK is no longer a Member State and the transition is over.

On the scope of the future relation, the EU's comprehensive offer is already on the table. It is set out very clearly in the European Council guidelines of 23 March, which are very detailed and precise.

As the Heads of State and Government, and also the European Parliament made clear, we would like to have a partnership with the UK that is as close as possible.

Not only on trade and economic cooperation, but also on justice and home affairs, and on a foreign, security and defence policy.

But of course, we need to take into account the UK's position.

In her Mansion House speech in early March Prime Minister May clarified that the UK will be leaving the Single Market and the Customs Union. The UK wants to diverge from EU rules. The UK wants an independent trade policy. And it wants to end the direct jurisdiction of the European Court of Justice.

With these red lines, the UK is closing doors. And the European Council has shown the highest possible level of ambition in its offer of a free trade agreement.

At the same time, the European Council has made clear that, if the UK's red lines were to evolve, the Union would be prepared to reconsider its offer. We are flexible, never dogmatic. We are open for business.

But of course any change from the UK must respect our principles, the principles we have built with the UK over 45 years. In particular, the four freedoms of the Single Market go together. They are all indivisible. You cannot have free movement of services without free movement of goods, and so forth. And you cannot have free movement of goods without free movement of people.

Ladies and gentlemen,

Even with the UK's current red lines, our intention is to reach an ambitious and wide-ranging free trade agreement with:

- Zero tariffs and no quantitative restrictions on goods;
- Customs cooperation to facilitate goods crossing the border;
- Rules to limit technical barriers to trade and protect food safety [sanitary and phytosanitary measures];
- A framework for voluntary regulatory cooperation to encourage convergence of rules;
- An open market for services, where companies from the other party have the right of establishment and market access to provide services under host state rules – I repeat, under host state rules;
- Access to public procurement markets, investments and protection of intellectual property rights.

This comprehensive offer already reflects our high level of ambition for an FTA with the UK.

But we believe that our future economic relationship should go even further. Let me mention four points.

1- First, in our future partnership we would like ambitious provisions on the movement of people, including related areas such as coordination of social security and the recognition of professional qualifications.

2- Secondly, in addition to trade, we offer a socio-economic cooperation.

- For instance, we propose an air transport agreement, combined with aviation safety and security agreements.
- The UK could also participate in certain EU programmes, for instance in the field of research and innovation, where participation of third countries is allowed. That said, it would be on a different financial and legal base than today.

3- Thirdly, since data flows will be important for several components of the future relationship, it should include rules on data.

- As already made clear by the European Council, for personal data, it will be for the EU to take adequacy decisions, where the level of protection in the UK is equivalent to that of the EU.

4- Finally, given the UK's geographic proximity and economic ties with the EU, the future relationship must be based on a strong level playing field.

- It is in our economic interest – in your businesses' interest – not to be undercut by unfair competition.
- So there will be no ambitious partnership without common ground on competition and state aid, social and environmental standards, and guarantees against tax dumping.
- This will require adequate enforcement and dispute settlement mechanisms.
- And let me add that these questions are not only economic or social, but also political.
- Simply because the answers will be key to the ratification of any future deal by each national parliament and by the European Parliament

Ladies and gentlemen,

With their comprehensive offer, the EU's Heads of State and Government have shown their high level of ambition for the future relationship, taking account of the UK's red lines.

This future relationship should of course cover solidarity in terms of security and defence.

The next steps will therefore not come from the EU – stakeholders, business, society all know where the EU stands.

It is now up to the UK to come up with its vision for the future, which should confirm the UK's red lines or adapt them.

- This is true for the future relationship.
- It is also true for issues of the withdrawal such as Ireland and Northern Ireland, where we have done our share of the work.

Once we have more clarity from the UK, we will prepare a political declaration on the framework for the future relationship to accompany the Withdrawal Agreement in the autumn.

And continue our work to ensure that we maintain a high level of opportunities for businesses in their relations with the UK while preserving the Single Market, which is our common economic good.

Thank you for your attention.

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